EU-India future trade and investment cooperation

European Parliament resolution of 5 July 2022 on EU-India future trade and investment cooperation (2021/2177(INI))

The European Parliament,

– having regard to the joint statement adopted at the EU-India leaders’ meeting held in Porto on 8 May 2021,

– having regard to the joint statement and the roadmap to 2025 for an EU-India strategic partnership adopted at the 15th EU-India summit on 15 July 2020, and to the other joint statements adopted in the fields of counter-terrorism, climate and energy, urbanisation, migration and mobility, and the water partnership,

– having regard to the first ever High-Level Dialogues on Trade and Investment held in February and April 2021 between the Executive Vice-President of the Commission and the Indian Minister for Commerce and Industry,

– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 20 November 2018 entitled ‘Elements for an EU strategy on India’ (JOIN(2018)0028) and the corresponding Council conclusions of 10 December 2018,

– having regard to the Council decisions of 19 April 2007 on a negotiating mandate concerning trade and investment negotiations with India and of 14 July 2011 on a mandate concerning trade and investment negotiations with India: negotiating directives for trade and investment negotiations,

– having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 16 September 2021 entitled ‘The EU strategy for cooperation in the Indo-Pacific’ (JOIN(2021)0024),


having regard to its resolutions of 13 September 2017 on EU political relations with India2 and of 21 January 2021 on connectivity and EU-Asia relations3,

having regard to its recommendation of 29 April 2021 to the Council, the Commission and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy concerning EU-India relations4,

having regard to its resolution of 15 January 2020 on the European Green Deal5,

having regard to its resolution of 7 July 2021 on the trade-related aspects and implications of COVID-196,

having regard to the joint motion for a resolution of 29 January 2020 on India’s Citizenship (Amendment) Act, 2019,

having regard to Rule 54 of its Rules of Procedure,

having regard to the opinion of the Committee on Agriculture and Rural Development,

having regard to the report of the Committee on International Trade (A9-0193/2022),

A. whereas the EU and India convened a leaders’ meeting in May 2021 following their commitment to convene regularly at the highest level and strengthen their strategic partnership with a view to enhancing economic and political cooperation;

B. whereas the EU and India, as the world’s two largest democracies, share strong political, economic, social and cultural ties; whereas, however, bilateral trade relations have not yet reached their full potential;

C. whereas EU and Indian leaders affirmed their determination to preserve and promote effective multilateralism and a rules-based multilateral order with the UN and the World Trade Organization (WTO) at its core;

D. whereas India abstained during the 11th emergency special session of the UN General Assembly on the resolution of 24 March 2022 entitled ‘Humanitarian consequences of the aggression against Ukraine, while 140 countries voted in favour;

E. whereas the EU is India’s third-largest trading partner and leading foreign investor, while India is the EU’s ninth-largest trading partner and only accounted for less than 2,1 % of its total trade in goods in 2021; whereas there is untapped potential for stronger, deeper and mutually beneficial economic cooperation, as long as European

3 OJ C 456, 10.11.2021, p. 117.
6 OJ C 99, 1.3.2022, p. 10.
standards are protected, which could lead to the creation of new jobs and increased opportunities for both partners;

F. whereas the ASEAN-India Free Trade Area (AIFTA), including the Trade in Goods Agreement, the Trade in Services Agreement and the Investment Agreement, has existed since 2003;

G. whereas the EU’s strategic framework for India vested in the EU-India Strategic Partnership, its Global Strategy, its Strategy on India, its Strategy for EU-Asia Connectivity, its India-EU Connectivity Partnership, the India-EU Human Rights Dialogue and the EU Strategy for Cooperation in the Indo-Pacific have highlighted the vital importance of cooperating with India on the EU’s global agenda; whereas on 25 April 2022 the EU and India agreed to set up a Trade and Technology Council;

H. whereas India still faces important challenges in relation to sustainable development, human rights and the environment, notably with respect to the situation of minorities and fundamental freedoms; whereas Parliament voiced its concern on the Citizenship (Amendment) Act, 2019 (CAA), which excludes Muslims from citizenship protection;

I. whereas India has not yet ratified all the fundamental International Labour Organization (ILO) conventions, namely the Freedom of Association and Protection of the Right to Organise Convention (No 87) and the Right to Organise and Collective Bargaining Convention (No 98); whereas the workforce of the informal economy of India still accounts for more than 90 % of the entire workforce; whereas this leaves millions of people without social insurance and leading a life in uncertainty;

1. Calls on the Commission, the Council of the European Union and the European External Action Service to pursue all efforts to improve and deepen the relationship with India, a strategic partner of the EU; reiterates the need for a deeper partnership based on the shared values of freedom, democracy, pluralism, the rule of law, good governance, equality, respect for human rights, labour rights, women’s rights and gender equality, a commitment to promoting an inclusive, coherent and rules-based global order, effective multilateralism and sustainable development, fighting climate change, and promoting peace and stability in the world;

2. Welcomes the EU-India agreement on launching a Trade and Technology Council, which will strengthen our strategic partnership, and pledges support for its implementation; considers this new mechanism a meaningful forum to address new challenges in the area of trade, technology and security, and underlines the importance of boosting trade in technology, paying special attention to technologies combating climate change;

3. Recalls that EU-India trade increased by more than 70 % between 2009 and 2019 and that both parties share a common interest in fostering closer and deeper economic ties; recognises that India is an important partner for the EU to diversify its supply chains; further recognises that there are sensitivities on both sides, but believes that these could be addressed to create a win-win situation for both partners;

4. Points out that the ‘farm to fork’ strategy includes the obligation to reduce the use of pesticides by 50% by 2030 and to increase the proportion of agricultural land under organic farming to 25%;

5. Expects a swift follow-up to the EU-India leaders’ meeting of May 2021 in order to openly address values-based cooperation at the highest level in matters of trade and investment; welcomes both partners’ readiness to work towards the conclusion of an ambitious, values-based, balanced, comprehensive and mutually beneficial trade agreement, as well as a stand-alone investment protection agreement and an agreement on geographical indications;

6. Stresses the economic and strategic importance of this agreement, which will only succeed if it manages to progressively align the EU and India towards a shared agenda and values in relation to sustainable development in order to generate shared prosperity, growth and employment, boost competitiveness, fight poverty, make progress towards achieving the Sustainable Development Goals (SDGs), promote the fight against climate change and the implementation of the Paris Agreement, support workers’ rights and fundamental freedoms, and promote gender equality and women’s empowerment, and if it explicitly takes into account the outcome of the ongoing trade and sustainable development (TSD) review process;

7. Notes that the EU is India’s largest trading partner in the agri-food sector; recalls that the agricultural sector is a significant part of the Indian economy, and accounts for 41% of Indian employment; highlights the sensitivity, but also the potential, of certain agricultural sectors in both the EU and India; stresses that any greater market access for agricultural products should not result in giving either party an unfair competitive advantage; draws attention to the need to ensure that agri-food imports from India meet EU health and safety standards; considers that the EU should support India in helping its farmers reduce the use of pesticides; stresses the need for the EU and India to cooperate closely to address the repercussions on food security of the ongoing Russian war in Ukraine;

8. Points out that one of the objectives of the future EU-India trade and investment agreements is to strengthen the economic, trade and investment relationship between the EU and India in full compliance with internationally recognised human rights and environmental and labour standards and agreements, to create a sound, transparent, open, non-discriminatory and predictable regulatory and business environment for companies on both sides, and to unlock the untapped potential of two-way economic cooperation between the EU and India;

9. Reaffirms its condemnation in the strongest possible terms of the illegal, unprovoked and unjustified war of aggression against Ukraine by the Russian Federation; acknowledges the neutral position of India since its independence; points out that the EU and India are willing to work together for a prosperous and peaceful world, yet regrets India’s hesitancy to condemn the Russian Federation’s military aggression against Ukraine; underlines the importance of democracies working together and aligning on core areas, and especially on fundamental values and open, rules-based and sustainable trade;

10. Considers that the existing negotiating mandate for a trade agreement, a separate investment protection agreement and an agreement on geographical indications is
comprehensive and broad enough for negotiations to restart, and should be interpreted in line with modern standards; takes the view that it is necessary to ensure that the prospective comprehensive trade agreement has environmental and human rights standards as core elements and contains as integral parts thereof a dedicated chapter for SMEs, a dedicated digital trade chapter, a dedicated chapter on raw materials to increase market access, and an ambitious and enforceable TSD chapter aligned with the Paris Agreement; believes, furthermore, that the agreement should include provisions on sustainable food systems and on gender;

11. Calls on the Indian Government to present a roadmap towards the ratification of the two remaining fundamental ILO conventions, Nos 87 and 98, and believes that their principles are to be duly and properly implemented in a timely manner; stresses that given the informal nature of the Indian labour market there are many challenges related to the implementation and enforcement of international labour standards; encourages the Commission to ensure that the fundamental ILO principles are applied in the prospective trade agreement; calls on the Commission to ensure that the prospective trade agreement between the EU and India is in line with the European Green Deal, the ‘farm to fork’ strategy and COP26;

12. Agrees with EU and Indian leaders that in order to maintain the momentum for restarting the negotiations, it is imperative to find solutions to long-standing market access issues; encourages the negotiators, therefore, to find swift solutions to the long-standing market access issues across both governance levels and sectors (e.g. cars, car parts, agriculture, medical devices, pharmaceuticals, sanitary and phytosanitary (SPS) irritants, public procurement, non-tariff barriers such as quality control orders, certification, compliance with international standards and localisation requirements), while not compromising on content in favour of a speedy conclusion;

13. Encourages the negotiators to make good progress in achieving a comprehensive, mutually beneficial, state-of-the-art, WTO-compatible and rules-based free trade agreement, giving priority to areas conducive to sustainable growth and addressing inequalities and the digital and green just transitions, as follows:

(i) the comprehensive elimination of tariffs and quotas on a reciprocal basis, while paying attention to sensitive products and ensuring that reductions will not be compensated by an increase in domestic taxes and levies, including at state level, on imported products;

(ii) expedited, more transparent and less onerous customs, as well as a comprehensive single-window electronic certification process and the removal of disproportionate import bans;

(iii) transparent and expeditious market access approval, regionalisation and audit procedures, underpinned by scientifically justified SPS import measures, by international standards and by disciplines that go beyond the WTO SPS Agreement; the agreement should seek to ensure SPS-related cooperation and the quick approval by India of all the existing and future market access applications, including those delayed by trial shipments and certification issues;

(iv) the elimination of an increasing number of technical barriers to trade, including a review of barriers to ICT, medical devices, toys, alcoholic beverages, polished
diamonds, agricultural products, food and steel; the agreement should seek compliance with the international standards of the International Organization for Standardisation (ISO), International Electrotechnical Commission (IEC) and International Telecommunication Union (ITU), go beyond the WTO Technical Barriers to Trade Agreement, ensure that there is no duplication of testing and certification, and streamline licensing schemes, quality control orders and clinical investigations;

(v) a comprehensive chapter on public procurement at all levels of governance in order to enforce the principles of transparency and non-discrimination in public procurement through effective remedy procedures; calls, in this respect, for India to accede to the WTO Agreement on Government Procurement and to prohibit discriminatory ‘buy national’ practices, such as certain practices related to ‘Make in India’ and ‘Atmanirbhar Bharat’ (‘Self-reliant India’), since they aim to favour domestic manufacturing and discourage imports and significantly affect market access for EU companies;

(vi) ensuring a level playing field in subsidies and the commercial practices of state-owned enterprises;

(vii) a comprehensive chapter on high-level protection for intellectual property rights (IPR), focusing inter alia on cooperation provisions and technology transfers, which should facilitate a non-restrictive and swift patent application process and the rapid and effective enforcement of IPR standards including, the protection of geographical indications (GIs); however, special attention must be paid to India’s ability to produce affordable generic medicines for domestic health needs or for exports to other developing countries in need, in line with the Doha Declaration on the TRIPS Agreement on Public Health;

(viii) a dedicated chapter on SMEs in order to take into account SMEs’ specific needs and provide legal certainty; underlines the need for a business-friendly regulatory environment for SMEs, including harmonised and simplified customs procedures and reduced administrative and regulatory burdens in order to overcome all tariff and non-tariff barriers preventing SMEs from entering the Indian market; highlights the need to facilitate information sharing on market access, trade regulations, trade procedures and rules of origin;

(ix) the inclusion of an ambitious TSD chapter guaranteeing values-based cooperation in trade and investment and promoting the highest international standards on labour rights, including strong action to eliminate child labour and forced labour, ensure environmental protection and promote gender equality, inspired by the most recent and modern EU free trade agreements; underlines that sustainability needs to be transversally reflected in the agreement through enforceable provisions taking into account the TSD review;

(x) the establishment of modern, SME-friendly, harmonised and reciprocal rules of origin, in line with the EU’s most modern and comprehensive free trade agreements;
(xi) the inclusion of the newly presented circular economy action plan to ensure less waste and consumer empowerment, making sustainable products the norm and leading global efforts towards a circular economy;

(xii) the prohibition of non-automatic import or export licensing procedures, except in justified cases;

(xiii) the removal of all discriminatory and disproportionate obstacles to establishment in both the services sector and the manufacturing sector, as well as to the supply of cross-border services, in order to ensure a level playing field between EU and Indian service providers;

(xiv) enhanced digital trade rules grounded in EU standards and global practices; considers, in particular, that 5G must not be deployed using mandatory technology transfer such as the forced disclosure of source codes, algorithms and encryption keys;

(xv) the confirmation of both sides’ rights and obligations under the WTO agreements (anti-dumping, anti-subsidy and safeguards), the exploration of areas of common interest that go beyond these WTO standards, and the inclusion of a temporary bilateral safeguard mechanism;

(xvi) a guarantee of good governance and the rule of law and a solution to the obstacles created by legal uncertainty;

14. Recalls that SMEs are the backbone of the socio-economic development of India and account for 45% of the country’s total industrial production; believes that India and the EU should continue to work towards ensuring a conducive and stable business environment for SMEs, facilitating their access to international markets and allowing them to take full advantage of trade opportunities; welcomes, in this regard, the setting up of the India IP SME Helpdesk, which provides SMEs with first-line support on how to protect and enforce their IPR, and calls on the Commission to build on this initiative to create further digital platforms that would help to reduce trade costs and administrative burdens, while increasing SMEs’ participation in international trade;

15. Asks both parties to consider providing interoperable data flows between the jurisdictions of India and the EU in total compliance with the General Data Protection Regulation on the basis of an assessment; invites India to align its new Data Protection Bill with the highest internationally recognised standards on data protection and privacy rules; invites India to join the EU initiative on international data protection standards;

16. Invites the EU’s negotiating team, as well as the EU institutions and the Member States, to make best use of India’s commitment to multilateralism and an international rules-based trading order and calls on India to play a constructive role to secure meaningful results at the WTO’s 12th and 13th Ministerial Conferences; applauds the EU and India’s co-sponsored reform proposal for the WTO Dispute Settlement Body and calls on India to join the multi-party interim appeal arbitration arrangement; commends the

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commitment of EU and Indian leaders to enhancing coordination on global economic governance, notably in the WTO and G20; expects to be briefed about the results of the EU-India Senior Officials’ Dialogue, which aims to deepen bilateral cooperation on WTO issues under the auspices of the High-Level Dialogues on Trade and Investment;

17. Regrets that uncertainties remain for EU investors, notably as a result of India’s decision to unilaterally terminate all its bilateral investment treaties in 2016;

18. Takes note of both sides’ readiness to negotiate a stand-alone investment protection agreement, which would increase legal certainty for investors on both sides and further strengthen bilateral trade relations, attracting more EU investments in India, and upholds the possibility for parties to exhaust domestic remedies; recommends working towards the achievement of common and mutually beneficial objectives in these areas in order to foster sustainable economic growth and innovation; emphasises that such an agreement should, inter alia, contain protections against origin-based discrimination, unlawful expropriation, the denial of justice, fundamental breaches of due process, manifest arbitrariness, targeted discrimination on manifestly wrongful grounds and abusive treatment; proposes carrying out a comprehensive impact assessment before the end of the negotiations; welcomes Indian investments in Europe as a driver of economic dynamism, increased competitiveness and diversified production;

19. Reaffirms that an investment protection agreement could be an adequate stepping stone for further strengthening bilateral trade relations; encourages the negotiators to agree on the founding of a multilateral investment court, and on a dedicated EU-India investment court system as a temporary solution with a view to the founding of a multilateral investment court, to which both the EU and India should adhere;

20. Welcomes the leaders’ commitment to concluding a separate agreement on GIs, be it a stand-alone agreement or integrated within the comprehensive trade agreement; considers such an agreement a priority for the EU farming and agri-food sectors in order to protect EU GIs, calls on the Commission to work towards creating a comprehensive list of EU GIs;

21. Stresses the need for the EU to champion human rights and the right to food as a central principle and priority of food systems and as a fundamental tool to transform food systems; calls for the EU to implement the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas and ensure that the most marginalised have access to nutritious foods;

22. Notes that while India’s legal order allows the cultivation of genetically modified organisms (GMOs) for the purpose of processing them into food and feed, its GMO regime is similar to the EU’s in terms of rigorousness and strictness;

23. Notes the importance of progressing decisively in banning all antibiotics and veterinary drugs that do not conform to the Codex Alimentarius food standards;

24. Stresses that the EU must ensure that, under the cooperation agreement with India, the level of mutual cooperation be improved and that all EU economic, social, environmental, health, safety and quality standards be respected by both parties;
25. Urges the Commission to carry out a study of the possible economic impact of this agreement, bearing in mind that agriculture and stockbreeding in India are not subject to the EU regulations that increase the costs of production in Europe, which may lead to unfair competition, as has already been the case with other agreements with non-EU countries;

26. Calls on the Commission to ensure that the text of the agreement, as consistently done in previous EU free trade agreements, protects the EU’s common single market by preventing:

(i) the importation of non-authorised GMOs in foodstuffs, feed and seeds;

(ii) the importation of agricultural products and foodstuffs with higher levels of pesticide residues than allowed for in EU law, through the systemic application of EU rules on maximum residue limits;

(iii) the importation of agricultural products and foodstuffs produced using hormonal preparations banned in the EU;

(iv) the introduction of antimicrobial-resistant strains of microbes;

27. Recalls that, on 14 December 2021, India incurred WTO disapproval on account of the enormous subsidies granted to its sugar production and export activities; calls therefore for the suspension of the 10 000 MT CXL quota for Indian sugar, as a review of subsidies that breach WTO rules is not being envisaged; requests that the upcoming EU-India trade negotiations make sure that WTO-incompatible sugar subsidies be removed;

28. Welcomes the establishment of two joint working groups to ramp up regulatory cooperation on goods and services, including on green and digital technologies and on resilient supply chains, in consultation with representatives of different stakeholders on an equal footing; stresses the crucial role of the High-Level Dialogues on Trade and Investment for ensuring good progress overall, including on long-standing market access issues; expects to be briefed promptly and regularly about the results of these dialogues;

29. Calls on the negotiators, as a matter of priority, to agree on the establishment of a bilateral ex ante and ex post consultation platform between the EU and India designed to facilitate discussions and consultations in advance of any new measures or subsidies that could negatively affect trade or investment; believes that such a platform should facilitate dialogue with representatives of a wide range of stakeholders, including social partners and civil society organisations; takes the view that business and industry associations should be able to bring any new trade or investment irritants to the attention of the secretariat of this platform; believes that the platform should eventually be made an integral part of the governance framework of the future trade agreement;

30. Considers that the governance of a potential EU-India free trade agreement should entail a joint committee providing joint monitoring, structured dialogue and oversight by the European Parliament and both chambers of the Parliament of India; stresses that the involvement of civil society in monitoring the implementation of the agreement is crucial, and calls for the swift establishment of domestic advisory groups following the entry into force of the agreement and for the balanced representation of business
organisations, trade unions and civil society, including independent organisations from the labour and environmental sectors;

31. Instructs its President to forward this resolution to the Council, the Commission, and the Government and Parliament of India.